

# Indiana House of Representatives

## News and Information

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### **EARLY REVIEW ON HOUSE GOP BUDGET: TAXES GO UP, SCHOOL FUNDING GOES DOWN**

INDIANAPOLIS – Indiana House Democrats said that a biennial state budget proposal offered today by House Republicans guarantees local property tax increases, while cutting funding for schools and health care.

House Democrat Leader B. Patrick Bauer (D-South Bend) and State Rep. William Crawford (D-Indianapolis), ranking Democrat on the House Ways and Means Committee, said the budget plan fails to live up to promises made by leading House Republicans who said the proposal would be balanced and would provide added education funding.

"Earlier this week, House Republican leaders stood in front of the House and said they would present a budget that would increase funding for public education in Indiana and meet the obligations of Medicaid," Bauer said. "Based on what they have presented as an early view of that budget, I think they are preparing to inflict a cruel joke on the people of this state."

Bauer and Crawford said the House Republican budget will raise taxes, under-fund public education and fail to live up to the state's responsibilities in helping the elderly and disabled get health care through the Medicaid program.

"By our estimate, the House Republican budget will require at least \$300 million in property tax increases," Bauer said. "Their plan places a cap on Property Tax Replacement Credits without providing other funding sources for property tax relief, and they would withhold those credits from counties that are behind in juvenile offender payments, a provision that will cost taxpayers statewide around \$80 million."

Crawford said the House Republican budget provides no minimum guarantee in funding for schools, and does not fully fund education deficiency payments, obligations to retired teachers or shortfalls in textbook reimbursements.

"By failing to include a minimum guarantee in state support for local schools, the Republican budget forces officials to make the choice between cutting programs or seeking property tax increases to provide additional dollars," Crawford said. "Without a minimum guarantee, more than 240 of the state's 293 school corporations will lose funding."

Both lawmakers noted that the House Republican budget provides only a 3 percent increase in Medicaid funding at a time when Medicaid costs have been projected to grow by 10 percent and Gov. Mitch Daniels has requested a 5 percent funding increase for the program.

"By under-funding Medicaid, they are attempting to ignore the state's responsibility to pay for health care for the elderly and disabled so they can claim they have balanced the state budget," Bauer said. "However, they will not be able to avoid paying these costs, and when the bills come due, they will find that their budget's bottom line is bogus and their figures will be wildly inaccurate."

"House Democrats recognize that we are still early in the process of crafting a budget," Bauer added. "It is good that the people of Indiana can see what the fiscal priorities are for the House Republicans: taxes going up and school funding going down. In the weeks to come, House Democrats will fight to make sure that the state budget does not raise taxes, but does take care of those who are most in need."

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